1 2 3 4 5	David P. Enzminger (SBN: 137065) denzminger@winston.com Diana Hughes Leiden (SBN: 267606) dhughes@winston.com WINSTON & STRAWN LLP 333 S. Grand Avenue Los Angeles, CA 90071 Tel: (213) 615-1700 Fax: (213) 615-1750				
67	Attorneys for Plaintiffs PUBG Corporation and PUBG Santa Monica, Inc.				
8	UNITED STAT	TES DISTRICT COURT			
9	NORTHERN DIS	TRICT OF CALIFORNIA			
10					
11 12	PUBG Corporation and PUBG Santa Monica, Inc.,	Case No.			
13	Plaintiffs,	COMPLAINT FOR BREACH OF CONTRACT			
14	V.	DEMAND FOR JURY TRIAL			
15	NetEase, Inc., NetEase Information Technology Corporation and Hong Kong NetEase Interactive Entertainment Limited,				
16 17	Defendants.				
18					
19	REDACTED VERSION OF DO	OCUMENT SOUGHT TO BE SEALED			
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	COMPLAINT FOR BREACH OF CONTRACT				

1 **NATURE OF THE CASE** 2 1. Plaintiffs PUBG Corporation and PUBG Santa Monica, Inc. (collectively, "PUBG") 3 bring this action against Defendants NetEase, Inc., NetEase Information Technology Corporation, 4 and Hong Kong NetEase Interactive Entertainment Limited (collectively, "NetEase") for breaching 5 the express terms of a settlement agreement resolving PUBG's lawsuit in this Court against NetEase 6 for copying elements of PUBG's online, "battle royale" video game entitled 7 PLAYERUNKNOWN'S BATTLEGROUNDS in NetEase's video games. 8 2. As part of the relevant settlement agreement, 9 10 11 3. However, within months of the execution of the Settlement Agreement, PUBG 12 discovered that 13 Furthermore, PUBG determined that another NetEase game, 14 15 Survivor Royale, 16 4. Settlement 17 PUBG provided NetEase with Agreement, but NetEase has refused to PUBG therefore asks this 18 19 Court to enforce the terms of the Settlement Agreement. 20 **THE PARTIES** 21 5. Plaintiff PUBG Corporation is a corporation organized and existing under the laws of 22 the Republic of Korea, having its principal place of business located at Majestar Tower One, 6-8F, 23 12, Seocho-daero 38-gil, Seocho-gu, Seoul, Republic of Korea. 24 6. Plaintiff PUBG Santa Monica, Inc. ("PUBG USA") is a corporation organized and 25 existing under the laws of the State of Delaware, having its principal place of business located at 26 1601 Cloverfield Blvd. Ste. 5000 N, Santa Monica, CA 90404. Plaintiff PUBG USA is a wholly 27 owned subsidiary of Plaintiff PUBG.

Upon information and belief, Defendant NetEase, Inc. is a corporation organized and

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7.

existing under the laws of the Cayman Islands, having its principal place of business located at
Building No. 7, West Zone, Zhongguancun Software Park (Phase II), No.10 Xibeiwang East Road,
Haidian District, Beijing 100193, People's Republic of China. Upon information and belief, NetEase
Inc. is registered to do business in the State of Delaware under its former English name,
NetEase.com (U.S.) Inc., and has a registered agent for service of process at The Corporation Trust
Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801. Upon
information and belief, shares of NetEase Inc. have been listed on the NASDAQ Global Select
Market since June 30, 2000, under the symbol "NTES," and NetEase Inc. regularly files reports with
the United States Securities and Exchange Commission. Upon information and belief, Defendant
NetEase Inc. maintains an Investor Relations contact in New York, New York, in the United States.

- 8. Upon information and belief, Defendant NetEase Information Technology Corp. ("NetEase IT") is a corporation organized and existing under the laws of California, having its principal place of business located at 2000 Sierra Point Parkway, Suite 800, Brisbane, California 94005. Upon information and belief, Defendant NetEase Information Technology, Corp. operates under the name NetEase North America and/or the name NetEase Games. Upon information and belief, Defendant NetEase Information Technology Corp. is a subsidiary of Defendant NetEase Inc. and is an affiliate of Defendant Hong Kong NetEase Interactive Entertainment Limited. Upon information and belief, Defendant NetEase Information Technology Corp.'s registered agent for service process is CT Corporation System (C0168406), 818 West Seventh Street, Suite 930, Los Angeles, CA 90017.
- 9. Upon information and belief, Defendant Hong Kong NetEase Interactive Entertainment Limited ("NetEase Interactive") is a corporation organized and existing under the laws of Hong Kong, having its principal place of business located at 802 Chuang's Tower, 30-32 Connaught Road, Central, Hong Kong. Upon information and belief, Defendant NetEase Interactive operates under the name NetEase North America and/or the name NetEase Games. Upon information and belief, Defendant NetEase Interactive is a subsidiary of Defendant NetEase Inc. and is an affiliate of Defendant NetEase Information Technology Corp.

JURISDICTION AND VENUE

10. This Court has subject matter jurisdiction over PUBG's claims because they arise under a Settlement Agreement

PUBG Corporation v. NetEase Inc., Case No. 4:18-cv-02010-JSW. In that case, the court had subject matter jurisdiction under the Copyright Act, 17 U.S.C. §§ 101, 501 et seq. and 28 U.S.C. §§ 1331 (federal subject matter jurisdiction) and 1338(a) (any act of Congress relating to copyrights, patents and trademarks), and the Lanham Trademark Act pursuant to 15 U.S.C. 1051 et seq. and 28 U.S.C. §§ 1331 and 1338(a). Pursuant to

- 11. This Court has personal jurisdiction over Defendants because they committed breaches of the Settlement Agreement in this judicial district giving rise to this action. In addition,
- 12. Venue is proper in this judicial district pursuant to 28 U.S.C. §§ 1391 (b) and (c) and pursuant to 28 U.S.C. § 1400(a) because a substantial part of the events giving rise to this action occurred in this judicial district, because Defendants are subject to this Court's personal jurisdiction with respect to this action, and because all Defendants reside either within this judicial district or outside of the United States.

FACTUAL ALLEGATIONS

A. PUBG Sues NetEase for Infringing PUBG's Rights in BATTLEGROUNDS

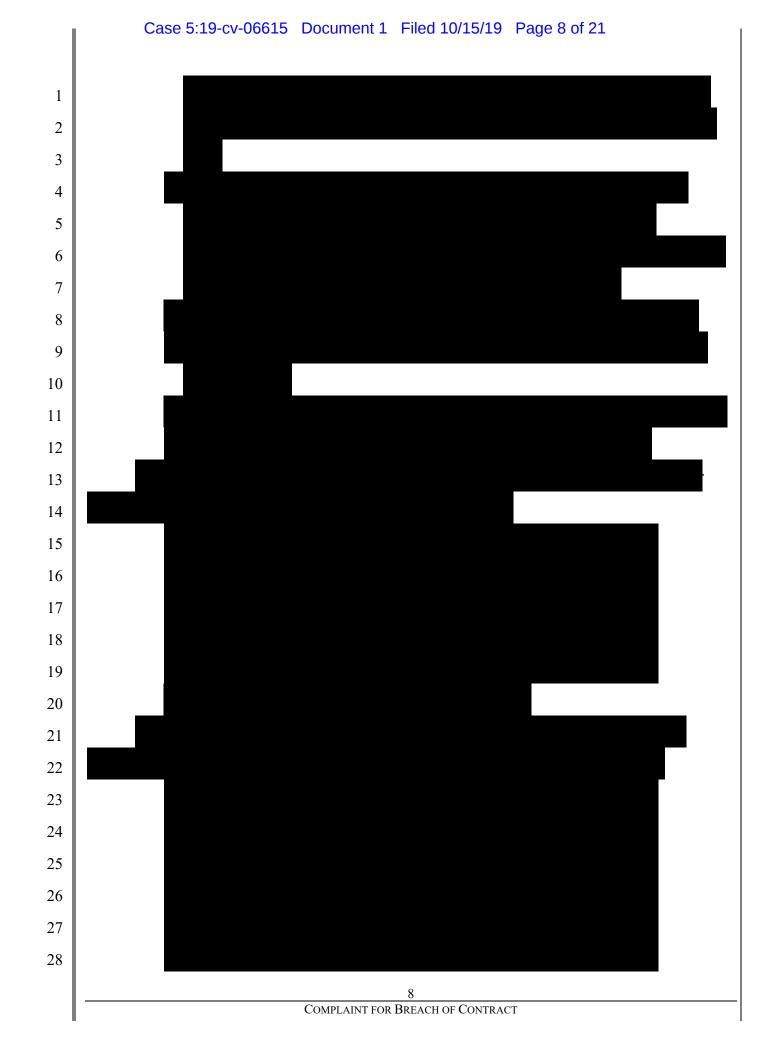
13. In or about March 2017, Bluehole Ginno Games, Inc. ("Bluehole Ginno") released its game PLAYERUNKNOWN'S BATTLEGROUNDS ("BATTLEGROUNDS"), in early access beta version. On or about September 14, 2017, Plaintiff PUBG USA was formed as a wholly-owned subsidiary of Bluehole Ginno to support the community of players and fans of BATTLEGROUNDS in the United States, including by promoting tournaments and interacting with players and streamers.

On or about September 29, 2017, Bluehole Ginno was renamed PUBG Corp., and Plaintiff PUBG is the successor-in-interest to Bluehole Ginno with respect to BATTLEGROUNDS.

- 14. BATTLEGROUNDS became an instant hit and has achieved high levels of success in the computer gaming and console gaming industry. When the early-access public beta version of BATTLEGROUNDS was released in March 2017, it sold one million copies in less than a month and reached the million-copies mark faster than any other game ever sold on Steam, a major online computer game distribution site. By July 2017, BATTLEGROUNDS had achieved over one hundred million dollars in sales. By September 2017, over ten million copies of BATTLEGROUNDS had been sold. In September 2017, BATTLEGROUNDS broke an all-time Steam record by having 1.35 million concurrent players (i.e., players playing at the same time). In December 2017, BATTLEGROUNDS reached 3 million concurrent players.
- 15. To date, over sixty-five million copies of the PC version of BATTLEGROUNDS, and over seven and a half million copies of the Xbox and PlayStation 4 versions of BATTLEGROUNDS have been sold. Players have also downloaded over 500 million copies of the mobile version of BATTLEGROUNDS. Additionally, real-world and online BATTLEGROUNDS tournaments take place on a regular basis, with millions of participants, attendees, and viewers.
- 16. On or about late 2017, NetEase released two mobile games, *Rules of Survival* and *Knives Out*. PUBG discovered that the NetEase games copied a significant number of the same visual and other protectable elements of BATTLEGROUNDS, and in fact that the games appeared to be trading wholesale on the "look and feel" of PUBG's successful game through its extensive copying of individual and ensembles of elements.
- 17. PUBG subsequently commenced an action in the United States District Court for the Northern District of California against NetEase, in an action styled *PUBG Corporation v. NetEase Inc.*, Case No. 4:18-cv-02010-JSW. PUBG alleged that NetEase's games *Rules of Survival* and *Knives Out* infringed PUBG's copyrights and trade dress rights in BATTLEGROUNDS and that NetEase had engaged in unfair competition under statutory and common law (the "Underlying Action").
 - 18. In the Second Amended Complaint filed May 24, 2018 (the "Underlying

Complaint"), attached hereto as **Exhibit A**, PUBG alleged that *Rules of Survival*, released for mobile devices in the United States on or about November 24, 2017, had an overall gameplay that closely resembled that of BATTLEGROUNDS. For example, the narrative arc of the game; the audio and visual representations of movement, healing, and boosting; and the battle formats offered (such as player versus everyone and four-person teams) all corresponded to those of BATTLEGROUNDS.

- 19. The Underlying Complaint alleged that *Rules of Survival* used certain copyrightable motifs, devices, and other aspects of gameplay from BATTLEGROUNDS. For example, PUBG alleged that *Rules of Survival* used certain BATTLEGROUNDS motifs, such as landscapes (including scenes, locations, and buildings) and chicken dinner related imagery. The Underlying Complaint also alleged that *Rules of Survival* used BATTLEGROUNDS' copyrightable attributes, design, selection and/or ensembles of devices, such as certain weapons, firearms, attachments and modifications for firearms, melee weapons, throwable weapons, armor, and frying pans. Finally, PUBG alleged that *Rules of Survival* used distinct BATTLEGROUNDS gameplay features, like boosting, pre-play area, play map, air jump, freefall and parachuting, character configuration, consumables, air-dropped supply boxes, bombardment zone, and shrinking gameplay area.
- 20. Similarly, according to the Underlying Complaint, *Knives Out*, another video game for mobile devices that was made and released by NetEase, also had an overall gameplay that closely matched that of BATTLEGROUNDS. For example, the narrative arc of the game; the audio and visual representations of movement, shooting, and healing; and the battle formats offered (such as player versus everyone and small team of four players versus everyone, with 100 players per game) all corresponded to those of BATTLEGROUNDS.
- 21. The Underlying Complaint alleged that *Knives Out* also used certain copyrightable motifs, devices, and other aspects of gameplay from BATTLEGROUNDS. PUBG alleged that *Knives Out* used certain BATTLEGROUNDS motifs, like landscapes (including scenes, locations, and buildings) and poultry-themed advertisement (evoking BATTLEGROUNDS' "chicken dinner" theme). PUBG alleged that *Knives Out* also used BATTLEGROUNDS' copyrightable elements, such as the attributes, design, selection and/or ensembles of certain weapons, firearms, attachments and modifications for firearms, melee weapons, throwable weapons, armor, and frying pans.



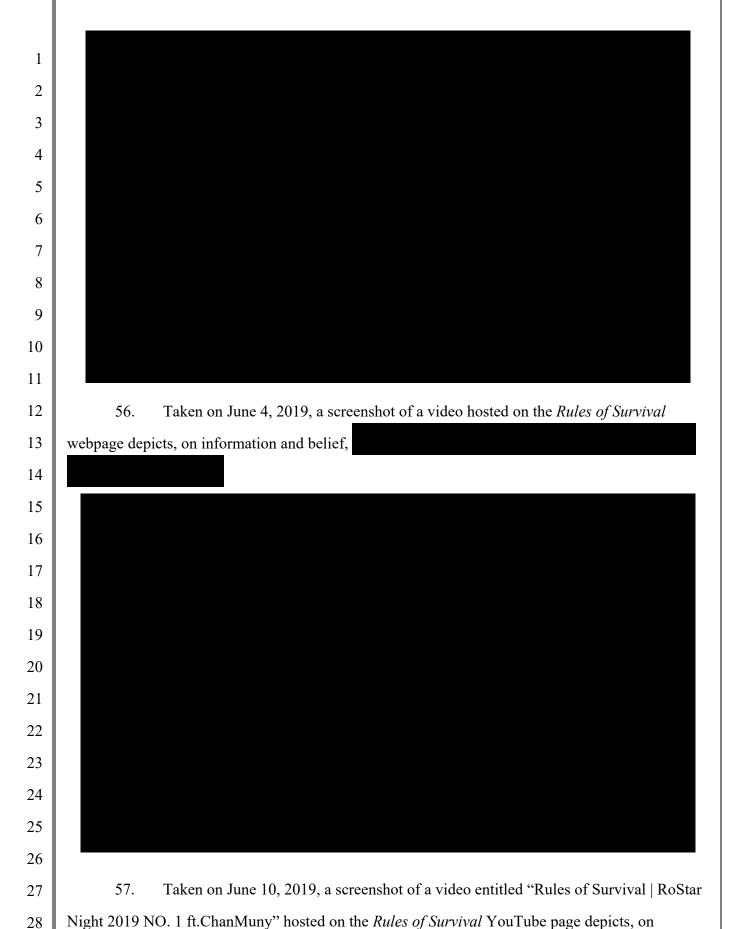
COMPLAINT FOR BREACH OF CONTRACT

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1	Night 2019 N	NO. 1 ft.ChanMuny" hosted on the Rules of Survival YouTube page depicts	
2	37	T-1111111	
3	37.	Taken on June 7, 2019, a screenshot of a video entitled "Happy 1st Anniversary	
4		d on the Rules of Survival YouTube page depicts	
5	38.	Taken on June 3, 2019, a screenshot of the <i>Rules of Survival</i> Facebook page depicts	
6			
7	39.	Taken on June 3, 2019, a screenshot of the <i>Rules of Survival</i> Facebook page depicts	
8			
9	40.	Taken on June 3, 2019, several screenshots of the Rules of Survival Twitter page	
10	depict		
11	41.	Taken on June 3, 2019, a screenshot of a video entitled "The best way to use your	
12	frying pan!" hosted on the Rules of Survival YouTube page depicts		
13	42.	Taken on June 3, 2019, a screenshot of a video entitled "Rules of Survival Live	
14	Stream" hosted on the Rules of Survival YouTube page depicts		
15	43.	Taken on June 3, 2019, a screenshot of a video entitled "The Epic Tournament for	
16	South East A	sia is now Coming" hosted on the Rules of Survival YouTube page depicts	
17	44.	Taken on June 3, 2019, a screenshot of the Rules of Survival Facebook page depicts	
18			
19	45.	Taken on April 27, 2019, a screenshot of Rules of Survival gameplay depicts	
20		of the Second Amended	
21	Complaint.		
22	46.	Taken on June 3, 2019, a screenshot of a video hosted on the Rules of Survival	
23	YouTube page depicts		
24	of the Second Amended Complaint.		
25	47.	Taken on April 29, 2019, a screenshot of <i>Rules of Survival</i> gameplay depicts	
26		of the Second Amended	
27	Complaint.		
28	48.	Taken on June 3, 2019, a screenshot of a video hosted on the <i>Rules of Survival</i>	
		10	
		= *	

1	YouTube page depicts
2	of the Second Amended Complaint.
3	49. Taken on April 27, 2019, a screenshot of <i>Rules of Survival</i> gameplay depicts
4	of the Second Amended
5	Complaint.
6	Taken on April 27, 2019, a screenshot of <i>Rules of Survival</i> gameplay depicts
7	of the Second Amended
8	Complaint.
9	Taken on June 8, 2019, screenshots of the <i>Rules of Survival</i> YouTube page and a
10	video hosted on the Rules of Survival YouTube page depict
11	of the Second Amended Complaint.
12	52. Taken on June 3, 2019, a screenshot of <i>Rules of Survival</i> gameplay depicts, on
13	information and belief,
14	
15	Taken on June 3, 2019, a screenshot of a video hosted on the <i>Rules of Survival</i>
16	YouTube page depicts, on information and belief,
17	
18	54. Taken on June 2, 2019, a screenshot of a video hosted on the <i>Rules of Survival</i>
19	YouTube page depicts, on information and belief,
20 21	55. Taken on June 4, 2019, a screenshot of a video hosted on the <i>Rules of Survival</i>
22	Google Play page depicts, on information and belief,
23	Google I lay page depicts, on information and belief,
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information and belief, 58. Taken on June 10, 2019, a screenshot of a video entitled "RoStar MVP Challenge – Final" hosted on the Rules of Survival YouTube page depicts COMPLAINT FOR BREACH OF CONTRACT

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15	2. <u>KNIVES OUT</u>
16	59. Taken on June 10, 2019, a screenshot of a video entitled "『荒野行動』公式生放送
17	「荒野の光!スター誕生!」キャンペーン開始特番" hosted on the <i>Knives Out</i> YouTube page
18	depicts CO. Tokson on June 10, 2010, a consenshet of a video entitled "『芒取行動』公士仕林学
19	60. Taken on June 10, 2019, a screenshot of a video entitled "『荒野行動』公式生放送 「荒野の光!スター誕生!」チーム分け抽選会" hosted on the <i>Knives Out</i> YouTube page
20	「元宝の元:人子一誕生:」 テームカリ 抽選会 nosted on the Knives Out You I ube page depicts
21	61. Taken on June 3, 2019, many screenshots of the <i>Knives Out</i> Facebook page depict
22	71. Taken on June 3, 2017, many screenshots of the Khives Out I decoook page depict
23	62. Taken on June 10, 2019, a screenshot of the <i>Knives Out</i> official website page depicts
24	7 Taken on same 10, 2013, a sereenshot of the himses our official weosite page depicts
25	63. Taken on June 10, 2019, a screenshot of the <i>Knives Out</i> Facebook page depicts
26	e, the second page septem
27	64. Taken on June 3, 2019, a screenshot of the <i>Knives Out</i> Facebook page depicts
28	, , , , , , , , , , , , , , , , , , ,

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2	65. Taken on June 3, 2019, a screenshot of the <i>Knives Out</i> Twitter page depicts
3	
4	66. Taken on June 3, 2019, a screenshot of a video entitled "「荒野行動」x「進撃の巨
5	人」コラボ襲来!" hosted on the <i>Knives Out</i> YouTube page depicts
6	
7	67. Taken on June 3, 2019, a screenshot of a video entitled "The Only Rule in Battle
8	Royale is NO RULES!" hosted on the Knives Out YouTube page depicts
9	
10	68. Taken on June 3, 2019, a screenshot of a video entitled "『荒野行動』公式生放送
11	「荒野の光!スター誕生!」東京決戦!" hosted on the Knives Out YouTube page depicts
12	
13	69. Taken on June 3, 2019, screenshots of a video entitled "『荒野行動』公式生放送「
14	荒野HIGH杯」Day1" hosted on the Knives Out YouTube page depict
15	
16	70. Taken on April 26, 2019, a screenshot of <i>Knives Out</i> gameplay depicts the
17	of the Second Amended Complaint.
18	71. Taken on May 1, 2019, a screenshot of <i>Knives Out</i> gameplay depicts the
19	of the Second Amended Complaint.
20	72. Taken on May 1, 2019, a screenshot of <i>Knives Out</i> gameplay depicts the
21	of the Second Amended Complaint.
22	73. Taken on April 26, 2019, a screenshot of <i>Knives Out</i> gameplay depicts the
23	of the Second Amended Complaint.
24	74. Taken on April 25, 2019, a screenshot of <i>Knives Out</i> gameplay depicts the
25	of the Second Amended Complaint.
26	75. Taken on April 30, 2019, a screenshot of <i>Knives Out</i> gameplay depicts the
27	of the Second Amended Complaint.
28	76. Taken on April 26, 2019, a screenshot of <i>Knives Out</i> gameplay depicts the
	15

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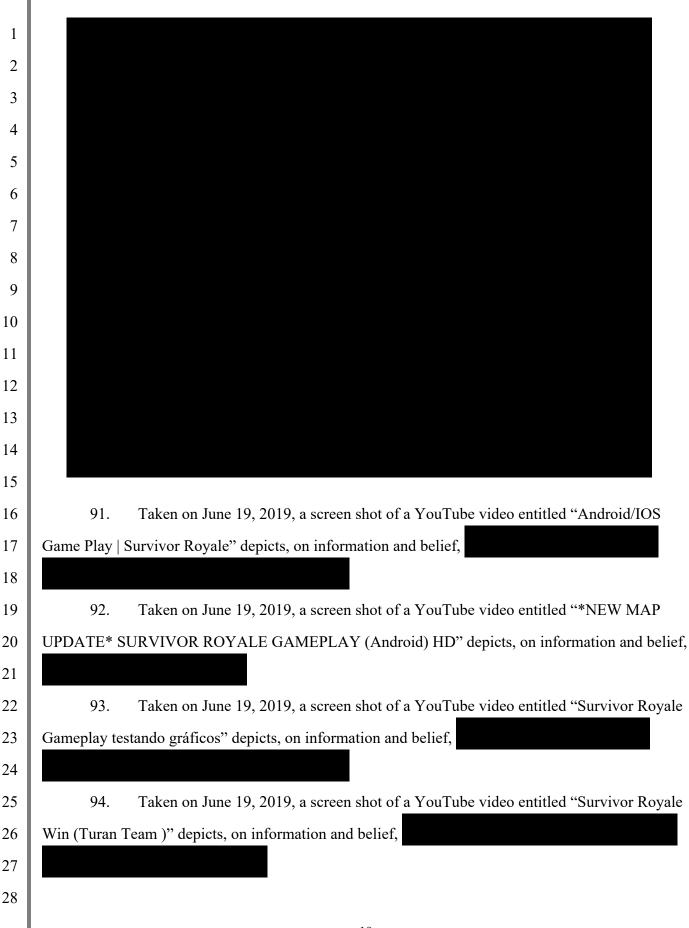
1	of the Second Amended Complaint.	
2	77. Taken on April 25, 2019, a screenshot of <i>Knives Out</i> gameplay depicts the	
3	of the Second Amended Complaint.	
4	78. Taken on June 11, 2019, a screenshot of a video hosted on the <i>Knives Out</i> YouTube	
5	page depicts the of the	
6	Second Amended Complaint.	
7	79. Taken on April 25, 2019, a screenshot of <i>Knives Out</i> gameplay depicts the	
8	of the Second Amended Complaint.	
9	80. Taken on June 11, 2019, a screenshot of a video hosted on the <i>Knives Out</i> YouTube	
10	page depicts the of the Second	l
11	Amended Complaint.	
12	81. Taken on June 4, 2019, a screenshot of <i>Knives Out</i> gameplay depicts, on information	n
13	and belief,	
14	82. Taken on June 3, 2019, screenshots of the <i>Knives Out</i> Facebook page depict, on	
15	information and belief,	
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COMPLAINT FOR BREACH OF CONTRACT

1	83. Taken on June 3, 2019, screenshots of the Knives Out Facebook page depict, on
2	information and belief,
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15	84. Taken on June 3, 2019, screenshots of the <i>Knives Out</i> Twitter page depict, on
16	information and belief,
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18	85. Taken on June 3, 2019, screenshots of several videos hosted on the <i>Knives Out</i>
19	YouTube page depict, on information and belief,
20	96 Talana an Jana 2 2010 a sana an ta a fa ai ta a an tala 1 8 『芒取行計』 ひずけせ
21	86. Taken on June 3, 2019, a screenshot of a video entitled "『荒野行動』公式生放送
2223	「荒野HIGH Season2」日本全国大会進出チーム決定戦!" hosted on the <i>Knives Out</i> YouTub
24	page depicts 87. Taken on June 3, 2019, a screenshot of a video entitled "『荒野行動』公式生放送
25	「荒野の光!スター誕生!」東京決戦!" hosted on the <i>Knives Out</i> YouTube page depicts
26	「別はする方と、
27	
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3. **SURVIVOR ROYALE** Taken on June 19, 2019, screenshots of a YouTube video entitled "Survivor Royale 88. iOS/Android Gameplay!" depicts Taken on June 19, 2019, screenshots of a YouTube video entitled "Survivor Royale -89. Gameplay Walkthrough Part 1 | by NetEase Games | Android Gameplay HD" depicts Taken on June 19, 2019, screenshots of a YouTube video entitled "Survivor Royale 90. Win (Turan Team)" depicts

COMPLAINT FOR BREACH OF CONTRACT



D).	PUBG notifies NetEase of Its Brea	ch of the Settlement Agreement
9	5.	On June 24, 2019, PUBG notified No	etEase of these breaches by sending a letter
		of the	e Settlement Agreement. On information and
belief, ar	n emp	ployee of NetEase refused to accept de	elivery.
9	6.	On July 2, 2019, PUBG's outside co	unsel forwarded this notice to NetEase's counsel
of record	l in tł	ne Underlying Action by email and U.	S. Mail.
9	7.	On August 1, 2019, NetEase's outsic	le counsel responded to this letter denying that
NetEase	had l	breached the Settlement Agreement, w	with the exception of that it
confirme	ed it h	nad either ceased offering	after PUBG provided notice or
offered to	o mo	dify	
9	8.	However, NetEase denied that	
			_
9	9.	PUBG has complied with	of the Settlement Agreement, which
		FIRST CLAIM	FOR RELIEF
		Breach of	Contract
1	00.	PUBG repeats, realleges, and incorporate	orates each and every allegation of the foregoing
paragrap	hs as	though fully set forth in this cause of	action.
1	01.	As set forth above in Paragraphs 1 th	arough 99, NetEase has breached the Settlement
Agreeme	ent		
1	02.	The breaches detailed above represen	nt only those that were known to PUBG as of the
date of th	ne fili	ing of this Complaint. PUBG believes	s that additional breaches are likely to be
identifie	d.		
1	03.	PUBG has performed its obligations	under the Settlement Agreement.
1	04.	Accordingly, PUBG seeks damages	and/or all other remedies available under law.

1	PRAYER FOR RELIEF		
2	PUBG seeks relief as follows:		
3	1.	That the Court enter judgme	nt in favor of PUBG and against NetEase in an amount
4		for each	h breach of the Settlement Agreement
5			;
6	2.	That PUBG be awarded spec	cific performance in the form of a preliminary injunction
7	and permane	ent injunction requiring NetEase	e to immediately and permanently remove all
8			
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10		of the Settlement Agreemen	ıt;
11	3.	Interest to the extent permitt	ed by law or equity;
12	4.	Plaintiffs' costs and expense	es in this action, including reasonable attorney's fees, to
13	the extent permitted by law or equity, and		
14	; ;	and	
15	5.	Such further relief as the Co	urt may deem just and proper.
16		<u>DEMAN</u>	D FOR JURY TRIAL
17	Plaintiffs hereby demand a jury trial for all issues so triable.		
18			
19	Dated: Octo	ber 15, 2019	Respectfully submitted,
20			WINSTON & STRAWN LLP
21			By: /s/ David P. Enzminger
22			David P. Enzminger Diana Hughes Leiden
23			Attorneys for Plaintiffs
24			PUBG Corporation and PUBG Santa Monica, Inc.
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